FF/ (F) Biog.

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December 2, 1980

Mr. Larry Brennan
Scientology Publications
Organization
Store Kongensgade 55, 1264
Copenhagen K, DENMARK

Re: L. Ron Hubbard
An Authorized Biography

Dear Larry:

Laurel Sullivan has asked me to respond to your November 26, 1980 telex to her (Telex #261113) wherein you requested some facts which would support the reasonableness of the proposal set forth in my November 17, 1980 letter to you.

As you know, PDK has entered into an agreement with Omar V. Garrison whereby Mr. Garrison agreed to accept a 5% royalty on the Biography, notwithstanding the fact that a "standard" author's royalty is 10% escalating to at least 15% after the sale of (normally) 10,000 hardcover copies. It was my impression that Mr. Garrison accepted a drastically reduced royalty (a) because of his knowledge of and respect for Mr. Hubbard's contribution of time and effort in locating, sorting through, compiling and identifying the Archives, in meeting and consulting with Mr. Garrison, and in reviewing and revising the final draft(s) of the Biography; and (b) because of his awareness of Mr. Hubbard's vast following and readership and the economic value of Mr. Hubbard's "authorization" of this particular biography.

With respect to compensating Mr. Hubbard for his time and effort, it seems quite fair to pay him a royalty equal to Mr. Garrison's royalty. PDK is still paying considerably

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KERY L. GILLET, N.P.

less than a "standard" royalty. Given the built-in readership of the Biography among Scientologists, one could persuasively argue that a higher-than-standard royalty would be appropriate.

It is obviously more difficult to establish the value of the grant by Mr. Hubbard of the rights in and to his life story. It may be useful to approach the matter by examining Mr. Hubbard's loss of economic opportunity by entering into this arrangement with PDK.

Mr. Hubbard already has ownership and possession of the Archives. If he were inclined to do so, Mr. Hubbard could, for relatively little money, engage an author directly and then own all rights to his own "authorized biography". Mr. Hubbard could then have the manuscript typeset and distribute the Biography himself and/or sell the publishing rights to a major (secular) publisher. Since PDK desires to exploit this economic opportunity and realize (potentially) great profits--all for quite a small initial investment--it seems appropriate for Mr. Hubbard to ask for and receive a portion of those profits, if, as and when they are realized. Based on my projections of book sales and the income and expenses relating thereto, my formula for defining and computing Mr. Hubbard's share of the profits seems fair and reasonable, especially since (a) I am deducting Mr. Hubbard's royalty income from what would otherwise be his share of the profits, and (b) PDK's profits will always exceed Mr. Hubbard's and should (according to my calculations) exceed the total of Mr. Hubbard's royalty and profits.

Once again, I want to reserve the comments of Mr. Hubbard's tax consultants and estate planners, who will want some input on precisely how this deal is structured. Please let me know if you have any further questions.

Kind regards.

Sincerely,

ALAN S. WERTHEIMER

ASW:dgn

bcc: Laurel Sullivan

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